

## INTRODUCTION

1. On March 8, 2002 (the "Petition Date"), each of the Debtors filed a voluntary petition for relief under Chapter 11 of Title 11, United States Code (the "Bankruptcy Code") with the United States Bankruptcy Court for the Southern District of New York.

2. No trustee has been appointed in Debtors' cases and the Debtors are operating as debtors-in-possession under sections 1107 and 1108 of the Bankruptcy Code.

3. An official committee of unsecured creditors has been appointed in Debtors' cases, and has retained the law firm of Satterlee Stephens Burke & Burke, LLP ("Creditors' Committee Counsel") to represent it.

4. By order dated March 8, 2002, the Debtors' cases are being jointly administered.

5. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334.

This is a core proceeding pursuant to 28 U.S.C. §§ 157(b)(2)(A) and (O).

## BACKGROUND

6. Cedar is the owner of a chemical manufacturing facility located in West Helena, Arkansas (the "Cedar Plant" or "West Helena Plant"). The Cedar Plant consists of six (6) separate processing units, a waste water treatment plant, laboratories, administration building, finished goods warehouse, maintenance shop, spare parts warehouse and various other buildings on a 48-acre site.

7. Vicksburg is the owner of a chemical fertilizer manufacturing facility (the "Vicksburg Plant") located in Vicksburg, Mississippi. The Vicksburg Plant rests on approximately 100 acres of a 600 acre site and consists of the following manufacturing processing units: potassium nitrate, nitric acid, potassium carbonate, MAP/MKP, polymer coated fertilizer and blending. The facility also has two state of the art labs, three maintenance shops, warehouses with packaging equipment,



and remedial action at the Vicksburg Plant. The Consent Decree was intended to investigate and remediate hazardous waste, which resulted from operations under previous ownership prior to 1986. The Consent Decree was filed in January of 1992.

18. In 1992 the company submitted to EPA Region IV a preliminary (current conditions) report and an interim measures work plan. In 1994 and 1995 Vicksburg, while waiting for EPA approval of the documents submitted in 1992, continued off-site disposal of soil and debris, which had been contaminated by past pesticide production.

19. In 1996 the EPA approved the 1992 preliminary report and Vicksburg submitted a proposed work plan for a facility investigation as required by the Consent Decree. While awaiting approval of the submitted work plan, in the years between 1994 to 1997 Vicksburg implemented and accelerated interim measures to investigate and remediate those areas which were to be the subject of new plant construction. The interim measure reports were submitted to the EPA.

20. In 2000 the EPA approved the facility investigation work plan. Vicksburg then implemented the plan and submitted its investigation report to the EPA in 2000. The EPA approved the report and Vicksburg then submitted a corrective measures study in 2001, which was approved by the EPA in December 2001. The corrective measures study was initiated and drafts were submitted to the EPA in 2002.

### **West Helena Plant History**

21. Helena Chemical Company first developed the West Helena Plant in 1970 with the construction and operation of a propanil manufacturing facility. In 1971 the plant was sold to J.A. Williams, which transferred the plant to Eagle River Chemical Corporation, a company controlled by the Ansul Company. Under Ansul's management the plant produced dinoseb, a prevalent soil

contaminant at the site. In 1972 Ansul sold its majority interest in Eagle River back to J.A. Williams and the company was merged into Vertac Chemical Company.

22. Vertac owned the plant until 1986 and produced propanil and several products for other chemical companies, as a toll manufacturer. The contracted products included, but were not limited to, various herbicides, alkyl phenols and arsenical compound. Cedar acquired the plant in 1986.

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23. Trans-Resources, Inc. purchased Cedar in 1988. From 1988 to present, the West Helena Plant has produced propanil and continued to perform toll manufacturing, producing various herbicides and nitroparriffin derivatives. In 1991 Cedar constructed and began operating a facility to manufacture dichloraniline, the active ingredient in propanil.

#### **West Helena Plant Regulatory History**

24. During construction in April of 1990, Cedar discovered buried drums, which were found to contain dinoseb, a product produced in 1972 under prior ownership. A removal plan was approved by the Arkansas Department of Pollution Control and Ecology, now known as the Arkansas Department of Environmental Quality ("Arkansas DEQ"), under which Cedar investigated and delineated the full extent of the drum burial site.

25. In July of 1991 a consent administrative order ("CAO") was entered into with the Arkansas DEQ for the purpose of removing the buried drums and performing a plant-wide facility investigation. The CAO took the form of a RCRA corrective action order. The CAO was amended in 1992 to include the development and implementation of work plans to remediate two additional buried drum sites found through further investigation.